

# HOUSE BILL No. 1051

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-12.

**Synopsis:** Residential improvements deduction. Establishes a two year (four year for a historic residence) deduction for a principal residence in the amount of an increase in assessed value resulting from rehabilitation.

**Effective:** July 1, 2003.

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January 7, 2003, read first time and referred to Committee on Ways and Means.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

## HOUSE BILL No. 1051

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-1.1-12-18, AS AMENDED BY P.L.90-2002,  
2 SECTION 110, IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2003]: Sec. 18. (a) **Except as provided in**  
4 **section 25 of this chapter**, if the assessed value of residential real  
5 property described in subsection (d) is increased because it has been  
6 rehabilitated, the owner may have deducted from the assessed value of  
7 the property an amount not to exceed the lesser of:  
8 (1) the total increase in assessed value resulting from the  
9 rehabilitation; or  
10 (2) nine thousand dollars (\$9,000) per rehabilitated dwelling unit.  
11 The owner is entitled to this deduction annually for a five (5) year  
12 period.  
13 (b) For purposes of this section, the term "rehabilitation" means  
14 significant repairs, replacements, or improvements to an existing  
15 structure which are intended to increase the livability, utility, safety, or  
16 value of the property under rules adopted by the department of local  
17 government finance.



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(c) For the purposes of this section, the term "owner" or "property owner" includes any person who has the legal obligation, or has otherwise assumed the obligation, to pay the real property taxes on the rehabilitated property.

(d) The deduction provided by this section applies only for the rehabilitation of residential real property which is located within this state and which is described in one (1) of the following classifications:

(1) a single family dwelling if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed eighteen thousand dollars (\$18,000);

(2) a two (2) family dwelling if before rehabilitation the assessed value (excluding exemptions or deductions) of the improvements does not exceed twenty-four thousand dollars (\$24,000); and

(3) a dwelling with more than two (2) family units if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed nine thousand dollars (\$9,000) per dwelling unit.

SECTION 2. IC 6-1.1-12-18.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 18.5. (a) If the assessed value of the principal residence of the owner of real property is increased because it has been rehabilitated, the owner may have deducted from the assessed value of the property the increase in assessed value resulting from the rehabilitation.**

**(b) The owner is entitled to the deduction under this section annually for:**

**(1) two (2) years if the property is not a historic residence; and**

**(2) four (4) years if the property is a historic residence.**

**(c) For purposes of this section:**

**(1) "rehabilitation" means significant repairs, replacements, or improvements to an existing structure that are intended to increase the livability, utility, safety, or value of the property under rules adopted by the department of local government finance;**

**(2) "owner" includes any person who has the legal obligation, or has otherwise assumed the obligation, to pay the real property taxes on the rehabilitated property; and**

**(3) "historic residence" means a residence:**

**(A) listed on the National Register of Historic Places established under 16 U.S.C. 470 et seq.;**



1 (B) listed on the register of Indiana historic sites and  
 2 historic structures established under IC 14-21-1; or  
 3 (C) determined to be eligible for listing on the register of  
 4 Indiana historic sites and historic structures established  
 5 under IC 14-21-1 by the Indiana state historic preservation  
 6 officer.

7 SECTION 3. IC 6-1.1-12-19 IS AMENDED TO READ AS  
 8 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 19. The deduction from  
 9 assessed value provided by section 18 **or 18.5** of this chapter is first  
 10 available in the year in which the increase in assessed value resulting  
 11 from the rehabilitation occurs and shall continue for the **immediately**  
 12 following ~~four (4)~~ years **in which the property remains eligible for**  
 13 **a deduction.** In the ~~sixth (6th)~~ year **immediately following the last**  
 14 **year in which the property remains eligible for a deduction,** the  
 15 county auditor shall add the amount of the deduction to the assessed  
 16 value of the real property. A general reassessment of real property  
 17 which occurs within the ~~five (5)~~ year period of the deduction does not  
 18 affect the amount of the deduction.

19 SECTION 4. IC 6-1.1-12-20, AS AMENDED BY P.L.90-2002,  
 20 SECTION 111, IS AMENDED TO READ AS FOLLOWS  
 21 [EFFECTIVE JULY 1, 2003]: Sec. 20. (a) A property owner who  
 22 desires to obtain the deduction provided by section 18 **or 18.5** of this  
 23 chapter must file a certified deduction application, on forms prescribed  
 24 by the department of local government finance, with the auditor of the  
 25 county in which the rehabilitated property is located. The application  
 26 may be filed in person or by mail. If mailed, the mailing must be  
 27 postmarked on or before the last day for filing. Except as provided in  
 28 subsection (b), the application must be filed before May 10 of the year  
 29 in which the addition to assessed value is made.

30 (b) If notice of the addition to assessed value for any year is not  
 31 given to the property owner before April 10 of that year, the application  
 32 required by this section may be filed not later than thirty (30) days after  
 33 the date such a notice is mailed to the property owner at the address  
 34 shown on the records of the township assessor.

35 (c) The application required by this section shall contain the  
 36 following information:

- 37 (1) a description of the property for which a deduction is claimed
- 38 in sufficient detail to afford identification;
- 39 (2) statements of the ownership of the property;
- 40 (3) the assessed value of the improvements on the property before
- 41 rehabilitation;
- 42 (4) **with respect to an application under section 18 of this**



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chapter, the number of dwelling units on the property;  
 (5) **with respect to an application under section 18 of this chapter**, the number of dwelling units rehabilitated;  
 (6) the increase in assessed value resulting from the rehabilitation; ~~and~~  
 (7) the amount of deduction claimed; **and**  
 (8) **with respect to an application under section 18.5 of this chapter for a historic residence, proof that the residence is a historic residence.**

(d) A deduction application filed under this section is applicable for the year in which the increase in assessed value occurs and for the immediately following ~~four (4)~~ years **in which the property remains eligible for a deduction** without any additional application being filed.

(e) On verification of an application by the assessor of the township in which the property is located, the county auditor shall make the deduction.

SECTION 5. IC 6-1.1-12-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 21. When real property is reassessed because it has been rehabilitated, the assessing official who, or the county property tax assessment board of appeals which, makes the reassessment shall give the owner notice of the property tax deductions provided by sections 18, **18.5**, and 22 of this chapter. The official or county property tax assessment board of appeals shall attach the notice to the reassessment notice required by IC 6-1.1-4-22.

SECTION 6. IC 6-1.1-12-22, AS AMENDED BY P.L.90-2002, SECTION 112, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 22. (a) **Except as provided in section 25 of this chapter**, if the assessed value of property is increased because it has been rehabilitated and the owner has paid at least ten thousand dollars (\$10,000) for the rehabilitation, the owner is entitled to have deducted from the assessed value of the property an amount equal to fifty percent (50%) of the increase in assessed value resulting from the rehabilitation. The owner is entitled to this deduction annually for a five (5) year period. However, the maximum deduction which a property owner may receive under this section for a particular year is:

- (1) sixty thousand dollars (\$60,000) for a single family dwelling unit; or
- (2) three hundred thousand dollars (\$300,000) for any other type of property.

(b) For purposes of this section, the term "property" means a building or structure which was erected at least fifty (50) years before

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the date of application for the deduction provided by this section. The term "property" does not include land.

(c) For purposes of this section, the term "rehabilitation" means significant repairs, replacements, or improvements to an existing structure that are intended to increase the livability, utility, safety, or value of the property under rules adopted by the department of local government finance.

SECTION 7. IC 6-1.1-12-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 25. **(a)** For repairs or improvements made to a particular building or structure, a person may receive ~~either~~ the deduction provided by:

**(1)** section 18 of this chapter;

**(2) section 18.5 of this chapter;** or the deduction provided by

**(3)** section 22 of this chapter. ~~He~~

**(b) A person** may not receive deductions under ~~both more than one~~ **(1) of the sections referred to in subsection (a)** for the repairs or improvements.

SECTION 8. [EFFECTIVE JULY 1, 2003] **(a) This act applies to property taxes first due and payable after December 31, 2004.**

**(b) This SECTION expires January 1, 2006.**

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